

# Economic and market update

January 2018

## Top 5 themes



### Global shares: Strong gains in January

US shares surged by 5.7% to new record highs. The Trump Administration's tax cuts and the strong corporate profit results were the key positives. Robust business surveys and retail spending also supported US shares.



### China's share market: Rocketed up

The Shanghai share market was up 5.3% in January as solid economic growth results provided comfort to investors previously concerned about higher interest rates.



### Europe and US: Government bond yields rose sharply

Accelerating global economic activity data, rising commodity prices and concerns that the European and Japanese central banks intended to reduce their bond purchases all weighed on bond markets.



### Commodity prices: Strong rises

Optimism on global growth saw strong commodity price gains. Iron ore prices surged (6.4%) to US\$76 per tonne while oil prices recorded robust gains (7.1%).

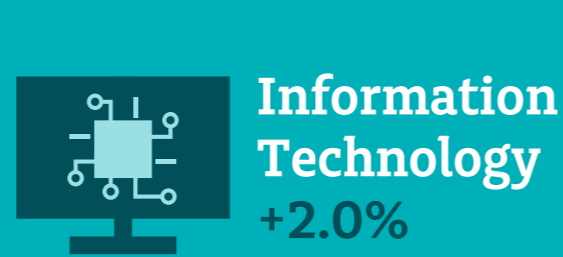
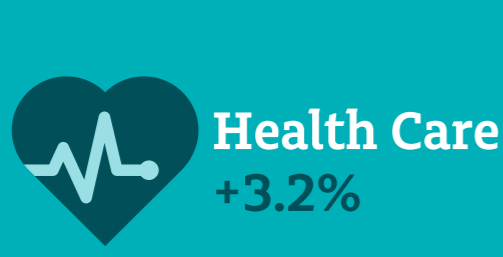


### Australian dollar: Solid gains

The Australian dollar made solid gains given rising commodity prices. Australia's currency made a circa 3.5% gain against the US dollar to the 0.8 cent level.

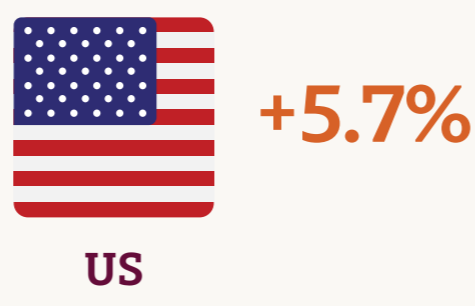
## Australian shares drifted lower in January

Rising bond yields appear to have weighed on the interest rate sensitive sectors. There were weak return performances from the Utilities (-4.5%) and Real Estate Investment Trusts (-3.3%) sectors. This was partially offset by gains for Health Care (3.2%) and Information Technology (2.0%).



Performance for the month of January 2018. Sector returns are for the S&P/ASX 200 Accumulation GICS indices.

## Share market performance – January



Performance for the month of January 2018. S&P/ASX 200 Accumulation Index; S&P 500 Index; FTSE 100 Index; German Aktien Index (DAX); France CAC40 Index; Nikkei 225 Index; Hang Seng Index; Shanghai Composite Index (all in local currency and unhedged).

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